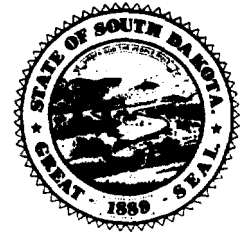




# South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

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January 28, 1997

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: CC Docket Nos. 96-262, 94-1, 91-213 and 96-263

Dear Mr. Caton:

Enclosed are the original and 12 copies of the South Dakota Public Utilities Commission's comments in the above dockets. Please date-stamp one copy and return it in the enclosed self-addressed stamped envelope. We are also forwarding a hard copy, plus diskette, of our comments to Sheryl Todd of the Common Carrier Bureau.

We are also sending one copy of the comments to International Transcription Service.

Very truly yours,

William Bullard, Jr.  
Executive Director

Enc.

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Before the  
Federal Communications Commission  
Washington, D.C. 20554

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In the Matter of	)	
	)	
Access Charge Reform	)	CC Docket No. 96-262 ✓
	)	
Price Cap Performance Review	)	CC Docket No. 94-1
For Local Exchange Carriers	)	
	)	
Transport Rate Structure and Pricing	)	CC Docket No. 91-213
	)	
Usage of the Public Switched Network	)	CC Docket No. 96-263
By Information Service and	)	
Internet Access Providers	)	
_____	)	

**COMMENTS OF THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

In response to the Federal Communications Commission's (FCC's) Notice of Proposed Rulemaking (NPRM) adopted December 23, 1996 and released December 24, 1996 in the above captioned proceeding, the South Dakota Public Utilities Commission (SDPUC) hereby submits its comments.

**Recovery of CCL**

**It is inappropriate to impose directly or indirectly by regulatory fiat some sort of "SLC" type charge on end users to recover these costs. Users of access services should recover these costs directly from customers in a manner they deem the market will allow. Currently, carriers recover a significant portion of the non-traffic sensitive (NTS) interstate loop cost allocation directly from subscribers through flat monthly subscriber line charges (SLCs). The FCC's rules impose caps on the SLC of \$3.50 per month for residential and single-line business subscribers and \$6.00 per month for multi-line business customers. The LECs' remaining interstate allocated loop costs are currently recovered on a per-minute of use carrier common line (CCL) charge paid by IXCs, which is passed on to the subscribers in increased toll rates.**

**The current common line rate structure does not reflect the manner in which loop costs are incurred. Many have argued that the common line rate structure recovers costs in an economically inefficient manner and results in an inefficient use of the network.**

**The FCC has proposed some alternatives to recover these NTS costs. With respect to the CCL, the FCC presents four alternatives, including a flat-rate charge assessed against each customer's presubscribed interexchange carrier (PIC) or an end-user if no PIC is chosen. With respect to the SLC, the NPRM suggests increasing the SLC for the second and additional lines for residential and for all multi-line business lines to recover the loop costs allocated to the interstate jurisdiction.**

**This Commission may agree that CCL costs recovered on a per minute of use basis is inefficient. However, we do not agree with any options that would effectively impose additional flat monthly charges directly on the end-user, even for second residential lines.**

**This Commission also opposes increasing or eliminating the cap on SLCs, and is concerned with the difficulties of having different charges assigned to primary and second lines. In the USF proceeding in CC 96-45, the Joint Board found that it is not economically efficient to recover NTS costs on a traffic sensitive basis, it still would not be necessary to increase the SLC or impose some related flat-charge on end-users. From an economic point of view, what is important is the flat structure of the charge not who pays. Interexchange carriers should pay their portion of the NTS loop costs since they use and need the LECs loop to provide their services.**

**This Commission supports that all interstate NTS costs be reduced to a per line charge and assessed to the end-user's presubscribed IXC. The IXC should be allowed to recover the flat charge any way the market will allow, such as a minimum bills with stepped usage rates, but the charges to the end-user must come from the IXC and not the LEC.**

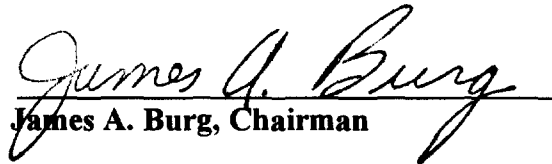
**This Commission agrees that CCL costs are NTS and that should be reflected in the allocation of the CCL. There are three services provided over the CCL. They are local services, intrastate services, and interstate services. The allocation of the CCL should be changed to 33 percent to reflect the actual services provided through the use of the CCL.**

**We appreciate the opportunity to comment on this proposed rulemaking.**

**Respectfully submitted,**

**South Dakota Public Utilities Commission  
State Capitol  
Pierre, South Dakota 57501-5070**

**January 28, 1997**

  
**James A. Burg, Chairman**

  
**Pam Nelson, Commissioner**